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# Guam

**Working paper prepared by the Secretariat**

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# I. Background information

## Geography and population

1. Guam[1] is the southernmost and largest of the Mariana Islands in the Pacific, situated about 1,350 miles south of Tokyo and 3,700 miles west-south-west of Hawaii. It consists of a single island of approximately 212 square miles. It comprises two distinct geological areas of about equal size. The northern part of the island is a high coralline limestone plateau and the southern region is mountainous. Apra Harbour, which is located on the central western side of the island, is one of the largest protected harbours in the Pacific and is considered to be the finest deep water port between Hawaii and the Philippines. The capital city of Guam is Hagåtña, previously known as Agana.

2. According to the United States Census Bureau's official census, the population of Guam in 2000 was 154,805, an increase of 21,653 (16 per cent) since the 1990 census.[2] In July 2004, the Central Intelligence Agency estimated the population to be 166,090, an increase of 7.23 per cent since 2000.[3] According to the census, the ethnic and racial composition of Guam's population is 37 per cent Chamorro, who are indigenous to the Territory. The population from the Freely Associated States (the Federated States of Micronesia, the Republic of the Marshall Islands and the Republic of Palau) is 11,094, an increase of 128.18 per cent since 1990, with the largest group being Filipino (40,729), and from other Asian countries is 61,172, an increase of 30.91 per cent since 1990. The white population is 10,509, a 43.33 per cent decrease since 1990. English and Chamorro are the official languages. Among the important changes revealed in the 2000 census was a much slower population growth rate than in the previous decennial censuses. The 2000 population number of 154,805 was more than 15,000 less than the 170,000 estimated before the census. Compounded growth rate in the period 1990-2000 was 1.5 per cent, rather than the earlier projection of 2.3 per cent. The sharp drop in population growth in the period 1990-2000 is not the result of a large drop in the natural increase. Rather, it seems to derive from Guamanians migrating to Hawaii and other states for employment opportunities.[4]

3. Most of the population is Christian, mainly Roman Catholic (90 per cent). Other major religious denominations are Baptist, Seventh-day Adventist, Latter-day Saints and Episcopalian. Most other religions have adherents in Guam, including Jehovah's Witnesses, Jews, Buddhists and Muslims.[5]

# II. Constitutional, legal and political issues

## A. General

4. Guam was administered by the United States Department of the Navy until 1950, when the United States Congress enacted the Guam Organic Act, which established institutions of local government and made Guam an organized Territory. Since then, the Territory has been administered by the Department of the Interior. Guam is an unincorporated Territory since not all provisions of the United States Constitution apply to the island. As an unincorporated Territory, according to United

States law. Guam is a possession of the United States but not a part of the United States.

## B. Constitutional structure

5. Guam has a locally elected Government, which comprises separate executive, legislative and judicial branches. Universal suffrage with respect to local elections applies to Guamanians 18 years and older. Guamanians are citizens of the United States, but they are not eligible to vote in United States presidential elections while resident in the Territory. The people of Guam elect a Governor, who serves a four-year term. Guam elected its first Governor in 1970. The Governor is responsible for the general supervision and control of the executive branch and submits an annual report to the United States Secretary of the Interior for transmission to Congress. The Governor may issue executive orders and regulations, recommend bills to the Legislature, make his views known to that body and veto legislation.

6. The people also elect 15 senators, who serve two-year terms in a unicameral Legislature. The Legislature may override the Governor's veto. Under the Organic Act of 1950, the United States Congress reserves the authority to annul any law enacted by the Guam Legislature.

7. In 1972, a new law gave Guam one non-voting delegate to the United States House of Representatives. The delegate, who serves a two-year term, may vote in committee but not on the floor of the House.

## C. Legal system

8. The judicial system in Guam comprises both local and federal components. The local judicial system is made up of a Superior Court and a Supreme Court led by judges appointed by the Governor and confirmed by the Legislature. Local judges are subject to confirmation by the voters every six years. At the federal level, a District Court judge, appointed by the President of the United States, is the head of the United States District Court for Guam. In 1998, Congress adopted an amendment to the Organic Act of Guam allowing the Guam Legislature to elect its own Attorney General in 2002. Douglas Moylan was elected Attorney General in November 2002 and took office on 6 January 2003 for a four-year term. The Attorney General is the Chief Legal Officer of the Government of Guam. The Office of the Attorney General provides legal services to the Government of Guam and is empowered with prosecutorial authority.

9. In October 2004, President Bush signed into law House Resolution 2400, the Guam judicial bill, amending the Organic Act of Guam and establishing the judiciary as an independent branch of the Government. The resolution also confirmed the appellate jurisdiction and administrative authority of the Supreme Court of Guam over all inferior courts in the Territory, thereby effectively establishing a unified local judiciary. Guam's representative to the United States Congress, Congresswoman Bordallo, stated that the new law was "an important step forward for self-governance in Guam."[4]

## D. Political parties and elections

10. Guam has two main political parties, the Republican Party and the Democratic Party, which are local chapters of the two main United States political parties. In November 2002, Guam held general elections. The Republican candidate, Felix Camacho, defeated former Congressman Robert Underwood by 4,500 votes and was elected Governor. On 2 November 2004, the Democratic candidate, Madeleine Bordallo, was re-elected as Guam's representative to the United States Congress.[7] In the vote for the 28th Guam Legislature, the Democrats lost their majority of nine seats and now hold six seats, while the Republicans won a majority of nine seats.

11. In addition, Guamanians also voted overwhelmingly against the proposal to legalize casino gambling in large Guam hotels. The proposal, known as Proposal A, sponsored by Citizens for Economic Diversity, was defeated, with 61 per cent of votes against and 38 per cent in favour.[8] Following the election, Citizens for Economic Diversity filed a lawsuit against the Guam Election Commission, alleging that the vote on Proposal A was tainted, as the Commission had failed to properly conduct the election. It argued that the Commission did not send out the complete 80-page text of the proposal before the election, which is required by law. In October 2004, however, Governor Camacho signed into law a bill that in effect declared the vote on Proposal A valid. The bill states that any defect in the casino ballot pamphlet shall not cause the election to be delayed or invalidated and that copies of Proposal A are available at public libraries and on the World Wide Web for voters to read.[9]

## E. Political issues

12. Guam has long sought to change its political status relative to the United States. In a 1976 referendum Guamanians decided to maintain close ties with the United States, but also to begin negotiations to improve the Territory's status. In 1979, the people of Guam rejected a draft constitution by a margin of five to one, mainly on the grounds that the question of political status had to be resolved before a meaningful constitution could be drafted.[10] In a 1982 run-off referendum, 73 per cent of voters opted to pursue commonwealth status with the United States. According to the Commission on Self-Determination, established in 1984 to draft a commonwealth agreement, that status was intended to be an interim one, which would provide an opportunity for Guam to structure a better relationship with the United States.

13. In May 1986, the Commission on Self-Determination completed a draft Commonwealth Act, which, after a public education campaign, was submitted to an article-by-article vote on 8 August 1987 (see A/AC.109/1192, paras. 19-37). Voters approved the central proposal, but rejected articles empowering the Government of Guam to restrict immigration and granting the indigenous Chamorro people the right to determine the future political status of the Territory. In a further referendum in November 1987, both of those outstanding provisions were approved after they had been amended and rewritten. A summary of the main points in the draft Commonwealth Act is contained in the 2001 working paper (A/AC.109/2001/4).

14. Negotiations between the Guam Commission on Self-Determination and the United States Government on the draft Commonwealth Act began again in 1989 and

continued through 1997 without resolution (see A/AC.109/2000/6, paras. 19-22, A/AC.109/1192, paras. 19-37, and A/AC.109/2018, paras. 74-83). According to a statement made by the Governor, Carl T. C. Gutierrez, to the House Resources Committee of the 105th Congress in October 1997, the position of the United States executive branch with regard to the draft Act has essentially been that it was unconstitutional insofar as it did not recognize the plenary authority of Congress over Guam.

15. In 1997, Guam Public Law 23-147 established a Commission on Decolonization for the Implementation and Exercise of Chamorro Self-Determination. That Commission, in concert with a process of registration of eligible voters organized by the Guam Election Commission, was to oversee the conduct of a vote on the Chamorro people's status preferences of independence, integration or free association, in accordance with international standards.

16. In 2000, the Guam Legislature provided the Guam Election Commission with the power to set the date of the decolonization plebiscite. The plebiscite, which was scheduled to take place on 2 November 2004, was postponed, primarily because eligible voters had not been identified and registered. The plebiscite would have asked the Territory's indigenous people, defined by law as persons or descendants of persons who were in Guam at the time of the United States ratification of the Treaty of Peace with Spain in 1898 and/or persons or descendants of persons who received United States citizenship pursuant to the Organic Act of 1950, to choose between statehood, independence or free association with the United States. The plebiscite would be non-binding but would set the course of any future status negotiations with the administering Power.

## III. Budget

17. The budget of Guam comprises revenues received by the Government of Guam and federal contributions generally allocated to particular sectors through the Department of the Interior on an ad hoc basis. The Governor has the power to veto a budget bill, following which the bill is referred to the Legislature, which can either override the Governor's veto by a special majority or reconsider the bill. In 2004, the Government of Guam narrowly avoided a Government shutdown when the Legislature and the Governor experienced a serious impasse on the budget for the fiscal year 2005.

18. In late August 2004, the Legislature approved a budget for the fiscal year 2005, which included expenditure of $576.6 million, approximately $447.4 million of which was to come out of the General Fund, the depository of all taxation and federal funds. In early September 2004, the Governor vetoed the budget bill on the grounds that the revenue projections were too high. Following that, the bill returned to the Legislature, which, unable to override the Governor's veto, passed a split budget with the most critical agencies being dealt with in a primary spending bill (Bill 363) and the Legislature, Governor's Office and several other agencies and programmes being dealt with in a secondary spending bill (Bill 364). The Governor vetoed both bills and called on the Legislature to consider a three-month extension of the 2004 budget. The Legislature refused the proposal for an extension, overrode the Governor's veto on the primary spending bill and passed a new secondary spending bill (Bill 376), which was essentially the same as the earlier secondary

spending bill but with the exclusion of some of the more controversial appropriations. Bill 376 was signed into law by the Governor on 1 October 2004, putting the Government's final part of the budget for 2005 in place about 10 hours into the new fiscal year. According to the Governor's spokeswoman, there was little point in the Governor rejecting Bill 376 because when the Legislature had overridden his veto and voted the primary budget bill into law, it had effectively approved the inflated revenue estimate. The spokeswoman indicated that the Governor had, in the end, signed Bill 376 to prevent the agencies from shutting down. In a public statement, the Governor urged lawmakers to work with the Administration during the fiscal year to adjust the budget based on the actual revenues collected.[11]

19. The primary budget bill (Bill 363) allows for $544.1 million in expenditure on public schools, the police department and critical Government operations. The secondary budget bill (Bill 376) provides $31 million in funding for the Governor's Office, the Legislature, the Public Auditor, mayors and other government operations. The bill also increases the amount of money the Governor can transfer between Government agencies from 10 per cent to 15 per cent. The Governor's main objection to the budget was the Legislature revenue estimate of $447 million, which he considered to be inflated by $37 million.

20. The United States Department of the Interior Office of Insular Affairs was allocated $79 million in funding for the fiscal year 2005, $27.7 million of which was for capital investment in the United States Territories and $8.5 million in technical assistance funding for the insular areas.[12] A request by the Governor of Guam to the President of the United States to grant federal debt relief to Guam on the order of $200 million was rejected in January 2005. The request was made under a federal law passed in December 2003 allowing the President the option of granting debt relief to offset the cost of providing Government services to regional immigrants. In his budget proposal for the fiscal year 2006, the President announced that Guam will receive $14.2 million under an amendment in the Compact of Free Association, which provides $30 million to address the social impact of migrants from the Freely Associated States on United States territories and states.[13]

21. In February 2005, the Governor's budget fears were realized when it was confirmed that the Government of Guam was receiving much less revenue than what the Legislature had budgeted for. It was expected that the Government would experience a $67 million revenue shortfall by the end of the fiscal year. As a result, most agencies have been given only 90 per cent of their promised budgets. The Governor has indicated that recent economic prosperity has not translated into more money for Government services because of tax breaks now offered by the Government and the existence of several special funds for which revenue is diverted away from the General Fund.[14]

22. According to the Public Auditor, the Government of Guam already faced a significant deficit in early January 2005, on the order of $300 million. It was noted that the $300 million deficit did not take into account millions of dollars of unpaid tax refunds and pending earned income tax credits, which has been an outstanding issue in Guam. The solution suggested by the Governor was to borrow about $400 million on the bond market to offset the deficit. However, the Public Auditor advised against that course of action, warning of a further increase in the debt

burden, and suggested instead that budget cuts be made through the removal of non-essential items from the budget.[15]

23. In February 2005 the President of the United States presented to Congress his budget proposal for the 2006 fiscal year. His proposal reflected the three main priorities of the Administration: continuing the war on terror, strengthening homeland defence, and improving the economy. The federal mandatory spending proposed for Guam in the 2006 fiscal year budget is $131 million. As noted above, in 2004/05, the United States Department of the Interior, Office of Insular Affairs received $79 million in funding. The 2006 budget proposal includes an increase of $1 million to strengthen core water and waste activities in the United States Territories and those Territories in a relationship of free association with the United States. As was also noted above, in the 2006 fiscal year, Guam will receive an additional $14.2 million to address the social impact on Guam of migrants from the Freely Associated States.[16]

# IV. Economy

## A. General

24. The Guam economy is dominated by tourism and military spending. The construction sector is also an important contributor to the economy, while the farming and fishing sectors are relatively well developed. Vegetables, citrus and tropical fruits, coconuts and sugar cane are grown and livestock, especially poultry, is raised. Manufacturing sectors include textiles, cement and plastics.[17]

25. Guam is a duty-free port that facilitates the movement of raw materials for manufacturing. It also participates in two major trade programmes designed to promote export-oriented manufacturing: the Harmonized Tariff Schedule of the United States and the Generalized System of Preferences. Nonetheless, the Territory consistently records a trade deficit. The main recipient of Guam exports is Japan. Major export commodities are fish and crustaceans, mineral fuels, oils and waxes, tobacco and manufactured tobacco substitutes and automobiles.

26. According to the Governor, the economic outlook for Guam improved significantly over the reporting period, with signs that the Territory is finally emerging from a long recession. In his State of the Island Address, the Governor announced that the economy of Guam had finally stabilized and had experienced growth for the first time in 10 years. He indicated that over the 2003-2004 two-year period almost 1,400 jobs had been created and the unemployment rate had dropped by almost one third.[18] However, the Governor's assertion that the gross domestic product (GDP) in 2004, estimated at more than $3.1 billion, was 20 per cent higher than in 2003 was questioned, as the official GDP had not been calculated for many years, primarily due to the absence of a chief economist in the Territory since 1999.[19]

27. During the reporting period, economic indicators showed growth in the Territory's two main industries, tourism and the military. During 2002 and 2003, the tourism industry experienced major setbacks following several natural disasters, the follow-on effects of the terrorist attacks in the United States in 2001, travel fears over the war in Iraq and the advent of severe acute respiratory syndrome. However,

in 2004 Guam recorded more than 1.1 million visitor arrivals, up almost 30 per cent from the previous year. Military spending also rose, with the Government embarking upon a project that will see $2.5 billion in construction projects and infrastructure improvements at the Naval Station and Andersen Air Force Base over the next five years (see also para. 50 below).[20] A regional economist has noted that, with its ageing tourist infrastructure and extensive damage caused by a series of destructive typhoons in the last few years, the American Territory's impending economic recovery may once again attract foreign capital and skills to launch the next stage of business and economic recovery.[21]

28. The Government's policy of privatization and outsourcing in conjunction with departmental reorganization and public sector streamlining, reinforced by the increase of certain taxes, allowed the Government to stabilize Government spending to a certain degree. However, the Government still faces major economic challenges, including unpaid individual tax refunds, earned income tax credits, Government agencies in arrears on a rent and vendor payments, the retirement fund's unfunded liability, a large operating debt and a severe shortfall in health funding.[22]

29. According to the two latest economic reports on Guam by the Bank of Hawaii (August 2001 and October 2003), since 1999 the flow of public information on the economy has been severely limited, thus affecting the capacity of both the public and private sectors to make informed decisions. Among the causes of poor availability of economic data are the dismantling of the Guam Finance Commission and the lack of experienced staff in the Government of Guam.

## B. Primary economic sectors

### 1. Agriculture and fisheries

30. The agriculture and fisheries sector has played a small role in the economy of Guam, accounting for less than 1 per cent of total private sector employment. The fishing industry, which began a major expansion in the late 1980s, continued to be important within the sector. In an effort to diversify the economy, Guam has begun to develop fish farms.[23] Horticultural development, aquaculture, small-scale aquarium fish trading and pearl farming were highlighted as potential business opportunities at a conference on business opportunities in Guam, held in 2004 by the United States Department of the Interior, Office of Insular Affairs.[24]

### 2. Manufacturing industry

31. One of the major industries on Guam, and the third most important economic sector (after tourism and the public sector), is construction. Construction as a generator of employment remains significantly above average for the United States, although it had been declining during the last decade. However, the strengthening of the Guam economy experienced during 2004 was evident in the construction sector. The demand for new construction permits doubled throughout the year, with new permits increasing from a value of $6 million per month in February to $12 million in December. A further increase of almost 400 per cent, to $21 million, was expected for 2005.[25] In 2004, the Duty Free Shoppers Galleria in Guam announced an upcoming $30 million renovation project. Other major construction projects, including road construction projects and the airport runway expansion are

contributing more than $102 million to the economy.[29] In addition, the United States military is expected to repair and strengthen the facilities it maintains on Guam (see also para. 50 below).[27]

32. The growth in construction was reflected in dramatic growth in the real estate industry, with the real estate market recording an annual sales volume of $245 million, representing a 68 per cent increase over 2003 sales.[28]

### 3. Tourism

33. As noted in paragraph 27 above, the tourism sector experienced significant recovery in 2004. Visitor arrivals in 2004 exceeded 1.15 million, which represented a 27 per cent increase from arrivals registered for 2003. Japanese arrivals were recorded at more than 900,000, representing a 37 per cent increase from 2003 arrivals and accounting for a significant part of growth in the tourism sector. Arrivals from the Republic of Korea remained steady, while visitor arrivals from Taiwan Province of China increased by 29 per cent. The Guam Visitors Bureau has set the goal of attracting 1.3 million visitors in 2005.[29]

34. As discussed in last year's working paper (A/AC.109/2004/5), Guam's tourist industry, as well as much of its economy, is dependent on the Japanese economy and Japanese tourists. In 2001, 80.2 per cent of tourists to Guam came from Japan, 8 per cent from the Republic of Korea and only 3.7 per cent from Hawaii and the mainland United States combined.[30] It has been noted by a regional economist that the rise in tourist traffic to Guam is fuelled by economic growth in Japan, as Guam is one of the tourist destinations in Japan's neighbourhood that benefits directly and immediately from Japan's economic recovery.[31]

35. In an effort to stimulate Chinese tourism to Guam, in 2004, the Government continued to seek "approved destination status" for Guam from the Chinese Government and simultaneously pursued the approval of the United States Government for a Guam-only visa programme for direct flights from China. As the prospects of establishing a visa waiver programme in the near future did not appear promising, in January 2005, the Guam Visitors Bureau redirected its efforts and put into action plans to set up Guam tourist information centres in China.[32]

36. In 2003, the Government continued to pursue diversification of the tourism industry through the Sports Tourism Taskforce. The Guam Visitors Bureau was successful in its promotion of sports tourism in Guam, announcing in January 2005 that a number of professional Japanese baseball and soccer clubs had arranged to hold training camps in Guam.[33]

## C. Transport and communications

37. The Port Authority of Guam administers the commercial port facilities at Apra Harbour. It is a public corporation and an autonomous agency of the Government of Guam. Guam's port is a major trans-shipment centre of the western Pacific and is equipped to move containerized bulk and tuna cargo efficiently. In recent years, it has seen an average annual increase of 23 per cent in cargo. The Port Authority is expanding its container yard and was planning to spend $100 million in reconstruction activities up to the year 2005. The Governor is currently pursuing privatization for some of the functions of the port, such as its gantry cranes.

38. Refurbishment of the Guam International Airport runway system was begun in 2002. The first phase of the federally funded runway extension and renovation project was launched to extend the length of the two runways and to build a new taxiway to add safety to the airport. At present, the Guam International Airport is the most modern in the western Pacific.[34] In February 2005, major road construction projects, including phase II of the Tumon Redevelopment and North Marine Drive, were completed. The airport's runway expansion and other capital improvement projects are infusing more than $102 million into Guam's economy and opening up opportunities for more airlines to fly into Guam, according to the Governor.[35]

39. RCA Global Communications and IT&E handle cablegrams, facsimile and telex messages and overseas telephone calls in the Territory. At the beginning of 2003, a local company launched an online text service to enable mobile communications between users of the Global System for Mobile Communications in Guam and the Philippines at a cost of $0.05 per message.[36] The United States Postal Service handles mail delivery. Commercial mail delivery is also available through Federal Express and DHL. Guam has a daily newspaper, a newspaper published three times a week, several weekly and monthly commercial publications and military journals. According to the Federal Communications Commission, there are currently 11 FM and 2 AM radio channels, 3 local television channels and 1 cable television service provider.[37]

40. High-technology communications may represent an emerging growth sector for Guam. The Governor and Legislature have made information technologies a priority as part of a general effort to diversify the economy. Guam serves as major telecommunications hub for the Asia/Pacific rim.

41. At the end of 2004, Guam Telephone Authority, the last Government-run phone company, was privatized. The move to the private sector allows the new Guam Telephone Authority to offer diversified services at competitive rates, including cellular, long-distance, Internet and cable television services.[38]

## D. Water system, sanitation and utilities

42. Approximately 74 per cent of the water supply is provided by the Guam Waterworks Authority. The remainder is produced by the Air Force and Navy installations on Guam. The Government's water sources are groundwater and surface water (Ugum River). The Navy water source is a surface reservoir (Fena Lake) in the southern part of the island. The state of the water and sewerage system is poor.

43. Leaks are frequent, posing significant health and environmental problems and inhibiting development.[39] In December 2002, the United States Government filed a complaint against Guam Waterworks Authority and the Government of Guam for repeated violations of the federal clean water and safe drinking water acts.[40]

44. In November 2002 the island elected its first Consolidated Commission on Utilities. The Commission oversees the operations of the Guam Waterworks Authority and the Guam Power Authority. The Commission was able to convince the United States Environmental Protection Agency to give the utilities authorities a final chance before taking them over and placing them in receivership.[41]

45. In 2004, the Consolidated Commission on Utilities began efforts towards privatizing the water and wastewater agency, voting to pursue the possibility of a concession agreement where the management and distribution of the island's water system could be turned over to a private contractor. Though the agency experienced a positive cash flow this year, water and sewage problems continue to frustrate residents. One major problem was resolved through a $49,000 project that corrected the sewage overflow at the Hagåtña main sewage station, which emitted a foul odour throughout the area. A few months later, the Guam Environmental Protection Agency issued a beach advisory for Gun Beach and Tanguisson Beach because of a sewage overflow that occurred along the Harmon cliff line. The chronic water problems in Santa Rita were resolved in 2004 after the Guam Waterworks Authority installed a new booster pump in the area, which stabilized water pressure, allowing water to reach highly elevated areas. Still, the agency experienced other infrastructural problems, such as damaged pumps and broken water lines, which caused water outages and pressure problems throughout the island. In December 2004, the Commission was ready to present proposed concession legislation to be taken to the Governor and the legislature, and the Commission members were expected to end the period for public comment and vote on the legislation at its meeting of 28 December 2004. The vote, however, was delayed.

46. In his State of the Island Address on 21 February 2005, Governor Camacho announced that water was the most critical issue the island faced today. He noted that the system was almost 60 years old and that the Guam Waterworks Authority needed to borrow $200 million just to meet federal Environmental Protection Agency requirements. To really improve the deteriorated system, it was estimated that an additional $400 million to $600 million was needed. The Governor called for the privatization of the Guam Waterworks Authority, either partly or in full.[42]

47. The Guam Power Authority, an autonomous agency of the Government of Guam, is responsible for providing electricity throughout the island.

## V. Military issues

48. Guam was administered by the United States Navy until 1950, and remains the site of extensive United States naval and air force installations. Petroleum storage, munitions stowage, extensive communications facilities and other service industries that cater to the military establishment form the basis of the military infrastructure in Guam.

49. The United States military presence and spending on Guam have decreased considerably during the last decade. In March 2001, a survey conducted of 445 registered voters by the Guam Chamber of Commerce reported that 83 per cent of them supported an increase in military activity in Guam and agreed that it made "a positive contribution to Guam".[43] In 2002, the United States Navy transferred two Los Angeles class, fast-attack nuclear submarines to Guam, the *USS Corpus Christi* and the *USS San Francisco*. A third submarine, the *USS Houston*, arrived in December 2004.[44]

50. According to the Guam delegate to the United States Congress, for fiscal year 2005 Congress has appropriated more than $135 million for military construction projects for Andersen Air Force Base and the naval station. Funding for the projects includes $20.7 million for the Fena Reservoir chlorination system, $12.5 million to

upgrade a Navy wharf, $2.2 million for a Navy training facility, $19.6 million for a storage facility at Andersen Air Force Base and $26.9 million for a new high school for military dependants.[45]

51. The United States Department of Defense is reported to be seriously considering basing a second aircraft carrier in the Pacific, to enable a quicker response to a crisis in the region. Politicians in both Hawaii and Guam have been lobbying hard to become the chosen destination for the carrier owing to the significant impact it would have on the local economy. The positioning of the carrier in Guam would bring thousands of jobs and millions of dollars in military spending to Guam, as well as 10,000 sailors. The final decision is likely to be made towards the end of fiscal year 2005.[46]

## VI. Land issues

52. As reported in previous working papers, the question of land use and ownership is a major and ongoing consideration on Guam. This question comprises two major issues: (a) the return of unused or underutilized lands held by the Department of Defense; and (b) the return of those lands to the original Chamorro landowners. The United States Government, principally its Department of Defense, currently holds title under United States law to over one third of the island. That land was condemned and acquired from private landowners by the Department of Defense during the years following the Second World War, when Guam was under the administration of the United States military. The land was held initially on an annual renewable lease between 1945 and 1950 and was subsequently acquired by the United States Government through eminent domain procedures after the extension of citizenship. In 1994, Congress passed the Guam Excess Lands Act (Public Law 103-339) to return 3,200 acres to the people of Guam. By early 2005, a total of 180 parcels of land benefiting 2,000 families had been returned, seven more than the previous year.[47]

## VII. Social conditions

### A. General

53. The Government of Guam received a grant of $199,500 from the United States Department of Justice for the Safe Neighbourhoods project to reduce gun-related crimes by increasing coordination among federal, state and local law enforcement agencies.[48]

### B. Labour

#### General

54. Guam's unemployment rate was 11.4 per cent in 2002, down from 13.5 per cent in 2001.[49] However, with the economic outlook for Guam having improved significantly over the reporting period, the Governor, in his State of the Island Address, indicated that during the 2003-2004 two-year period almost 1,400 jobs had

been created and the unemployment rate had dropped by almost one third (see also para. 26 above).[50]

## C. Education

55. Guam has an extensive public and private education system. The public education system includes the University of Guam, Guam Community College, four public high schools, seven middle schools and 27 elementary schools. The private system includes two business colleges, five high schools and several elementary schools, most of which are affiliated with Roman Catholic and Protestant religious denominations. A new bill, the Guam Charter Schools Act, allowed the establishment of private charter schools independent from the Department of Education.[51]

56. In October 2004, the Department of Education passed a $165.3 million budget for the fiscal year 2005, $25.5 million more than in the previous year. However, according to the Department's Superintendent, Juan Flores, the Department of Education would need to be cautious to ensure that revenues would actually meet the budget, because the amount was only an appropriation. The budgeted amount would allow the Department of Education to hire more teachers, purchase books and give pay raises to school aides and teachers, and thereby overcome some of the problems reported in the past, such as finding and retaining qualified teachers.[52]

57. Officials of the Department of Education are preparing a report, which should help parents evaluate Guam's schools and the education offered. Each of the island's 37 schools will be evaluated and given a grade. The report is required by Public Law 26-26 and by the federal education reform law "No Child Left Behind".[53]

58. In October 2004, the federal Government lifted a financial restriction associated with the Department of Education's so-called high-risk grantee status. In September 2003, the federal Government assigned the Department of Education the high-risk status because it had failed to have its financial reports audited during the past four years, thereby limiting it to receiving only 50 per cent of federal grant money.[54]

59. In his 2005 State of the Island Address, Governor Camacho noted the new "Adopt-a-school" programme, whereby businesses, Government employees and individual citizens came together and cleaned up schools in time for the new school year. Additionally, he pointed out that the Commission on Teaching Excellence has teamed up with the Department of Education and is undertaking education reform, which for the first time is being driven by parents, teachers and principals.

## D. Public health

60. A health-care reform law, which entered into force in May 2004, requires that residents who rely on the Government's Medically Indigent Programme should go to one of two regional public health-care clinics instead of private health-care providers. There is concern in the medical community that the new structure penalizes patients and other health-care providers and might result in long waits at

61. The Government of Guam will receive a $5 million grant over a five-year period from the United States Department of Health and Human Services to implement a strategic prevention framework for substance abuse prevention.[50]

## E. Immigration

62. A major issue in the federal Government's relations with Guam is migration from the Freely Associated States of the Marshall Islands, Micronesia (Federated States of) and Palau. The Compact of Free Association Act of 1986, which established the relationship between the United States and the Federated States of Micronesia, and the Marshall Islands, authorized unrestricted migration from those Pacific island nations to the Territories and possessions. The Act enabled citizens of the Freely Associated States to enter Guam and to engage lawfully in occupations as non-immigrant aliens.[51] Those immigrants and their American-born children have settled in Guam, Hawaii and the Northern Mariana Islands, which has strained the resources of recipient States and Territories.

63. In order to reimburse Guam and other Compact Territories for the cost of providing Government services for regional immigrants, the federal Government has issued Compact-impact funding. In December 2003, the Compact of Free Association Amendments Act of 2003 was passed, renewing the original Compact of 1986 for another 20 years. Additional Compact-impact reimbursement is authorized if impact costs rise above the mandatory appropriation of $30 million per year. An estimated $12 million to $14 million in annual funding is expected for Guam. At the same time, at the request of the Governor of Guam, the President is authorized to release, reduce or waive, in whole or in part, any amounts owed by the Government of Guam to the United States Government as an offset for past Compact-impact costs that were not reimbursed. Those costs are estimated by Guam to total $187 million.[52]

64. In his budget proposal for the fiscal year 2006, the President of the United States announced that Guam will receive $14.2 million in Compact funding.[53]

65. In addition, the immigration policies currently applied to Guam have resulted in a considerable increase in migration from countries, particularly the Philippines, to Guam. The 2000 census indicated that, while the Chamorro population stood at 65,243, the non-Chamorro population was 86,798.

## F. Human rights and related issues

66. There have been no further developments since the issuance of the 2003 working paper (A/AC.109/2003/15).

# VIII. Environment

67. Guam continues to experience environmental problems related to the United States occupation during the Second World War (see A/AC.109/2001/4, para. 83). In January 2002, the Navy agreed to pay $42,000 in fines and to spend $380,000 to improve its waste management, after the United States Environmental Protection

poorly in the year 2000.[47] In October 2004, the Washington-based Board of Radiation Effects Research Committee started to examine possible radiation exposure Guam residents might have suffered as a result of the United States nuclear tests in the Marshall Islands in the 1950s.[48]

68. In 2002, the United States Fish and Wildlife Service decided to designate 25,000 acres of Guam, about 19 per cent of the island, a critical habitat for the island's endangered bird and bat species. The land, which mostly belongs to the military, did not change ownership, but all federally funded land projects have to be reviewed to ensure that they do not affect species' native habitat. In October 2004, the United States Fish and Wildlife Service also decided to designate 6,489 acres of land a critical habitat for three bat species.[49]

69. The United States Senate passed a bill that provides $77 million to Guam to finance eradication programmes to wipe out the brown tree snake.[50] The brown tree snake poses a threat to Guam's biodiversity. It was presumably introduced into Guam via military cargo and has no natural predators in Guam.

## IX. Relations with international organizations and entities

### A. United Nations system

70. There have been no further developments since the issuance of the 2003 working paper (A/AC.109/2003/15).

### B. Regional organizations and entities

71. Guam is a member of the secretariat of the Pacific Community, a 27-member organization dedicated to providing technical advice, assistance, training and research to promote the development of its members.

## X. Future status of the Territory

### A. Position of the territorial Government

72. The issue of the political status of the island has not been addressed since the new Governor, Felix Camacho, took office in January 2003. However, on 2 November 2004, Guam was scheduled to hold a plebiscite on self-determination to determine the future political status of the island. The plebiscite was postponed, primarily because eligible voters had not been identified and registered.[51]

### B. Position of the administering Power

73. In a statement made at the 72nd plenary meeting of the General Assembly on 9 December 2003 (see A/58/PV.72), the representative of the United States said that the United States could not support the draft resolution (A/58/L.21) on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples because, by adopting a narrow definition of decolonization,

the draft resolution failed to take into account the complex reality of Non-Self-Governing Territories. For the United States, the very term "non-self-governing" seemed inappropriate for Territories able to establish their own Constitution, elect their own public officers, have representation in Washington, D.C., and choose their own economic path.

74. The United States was fully supportive when countries chose independence and was proud to welcome them as equal and sovereign partners. In the case of Territories that did not choose independence, however, the United States also supported the right of people of those Territories to a full measure of self-government, including the rights to integration and free association. The United States expressed the view that the world encompassed a variety of peoples, places and political circumstances, and that richness did not allow for just one path. It believed that a single standard of decolonization should not be applied to every Territory, and it called upon all Member States to respect the choices made by residents of Non-Self-Governing Territories.

75. In conclusion, the representative said that the United States looked forward to a significant dialogue with the Committee of 24 in 2004, and that it was the Government's hope that all parties would cooperate to achieve a reduction in the number of Non-Self-Governing Territories.

## C. Consideration by the United Nations

76. On 10 December 2004, the General Assembly adopted resolution 59/134 A and B without a vote. Section VI of resolution 59/134 B is devoted specifically to Guam.

Notes:

[1] The information contained in the present working paper was derived from published sources, including Internet sites.

[2] *Pacific Daily News*, 9 February 2002.

[3] http://www.cia.gov.

[4] Bank of Hawaii, *Guam Economic Report*, October 2003 (see www.bankofhawaii.com).

[5] United States Department of the Interior, Office of Insular Affairs, *Fact Sheet*, 1998.

[6] *Pacific Daily News*, 13 October 2004 (see www.guampdn.com); press release, "President signs Guam Judicial Bill into law", 15 October 2004 (see www.house.gov/bordallo).

[7] www.kuam.com/decision2004/results.

[8] *Pacific Daily News*, 4 November 2004 (see www.guampdn.com).

[9] Ibid., 27 October 2004 (see www.guampdn.com).

[10] "Governing Guam Before and After the War", Guam Political Status Education Coordinating Committee, Agana, Guam, 1994.

[11] Ibid., "Bill 363 approved to dodge total shutdown", 2 October 2004, and "Agency shutdown looms", 30 September 2004 (see www.guampdn.com).

[12] Press release, "President Bush Sends Congress FY 2006 Budget Proposal", 7 February 2005 (see www.house.gov/bordallo).

[11] *Pacific Daily News*, "White House denies request for debt relief", 1 January 2005 (see www.guampdn.com); press release, "President Bush Sends Congress FY 2006 Budget Proposal", 7 February 2005 (see www.house.gov/bordallo).

[12] *Pacific Islands Report*, "Guam faces US$ 67 million revenue shortfall", 23 February 2005 (see www.guampdn.com).

[13] Ibid., "Guam shouldn't borrow to pay debt", 26 January 2005 (see www.guampdn.com).

[14] Press release, "President Bush Sends Congress FY 2006 Budget Proposal", 7 February 2005 (see www.house.gov/bordallo).

[15] "Guam" (see www.encarta.com).

[16] *Pacific Daily News*, State of the Island Address, 21 February 2005 (see www.guampdn.com).

[17] Ibid., "Economic data questioned", 22 February 2005 (see www.guampdn.com).

[18] Ibid., State of the Island Address, 21 February 2005 (see www.guampdn.com).

[19] United States Department of the Interior, Office of Insular Affairs, "An update on the economies of Guam and the Northern Mariana Islands", May 2004 (see www.doi.gov/oia).

[20] Ibid.

[21] www.admin.gov.gu/commerce.

[22] United States Department of the Interior, Office of Insular Affairs, "Secretary's Conference on Business Opportunities in the Islands", 23 September 2004 (see www.businessopportunitiesconference.com).

[23] *Pacific Daily News*, State of the Island Address, 21 February 2005 (see www.guampdn.com).

[24] Ibid.

[25] Bank of Hawaii, *Economic Report on Guam, October 2003* (see www.boh.com/econ).

[26] *Pacific Daily News*, "Firm: Real estate up in '04", 12 February 2005 (see www.guampdn.com).

[27] Ibid., "Tourism scores with sports", 18 January 2004 (see www.guampdn.com).

[28] www.admin.gov.gu/commerce.

[29] United States Department of the Interior, Office of Insular Affairs, "An update on the Economies of Guam and the Northern Mariana Islands", May 2004 (see www.doi.gov/oia).

[30] Kuam News8, "Recent GVB marketing campaigns paying off with huge swells of arrivals", 26 February 2005 (see www.kuam.com).

[31] *Pacific Daily News*, "Tourism scores with sports", 18 January 2004 (see www.guampdn.com).

[32] Bank of Hawaii, *Economic Report on Guam, August 2001* (see www.guampdn.com).

[33] *Pacific Daily News*, State of the Island Address, 21 February 2005 (see www.guampdn.com).

[34] BBC Monitoring Asia Pacific, 20 March 2003.

[35] Ibid., 16 December 2002.

[36] *Pacific Daily News*, Year in Review 2004, 31 December 2004 (see www.guampdn.com).

[37] Ibid., 10 December 2001.

[38] Ibid., Year in Review 2002, "Water Contamination, Pressure Woes" (see www.guampdn.com).

[39] Ibid.

[40] Ibid., State of the Island Address, 22 February 2004 (see www.guampdn.com).

[41] Ibid., 21 March 2001.

[42] Ibid., 9 January 2003.

[43] Ibid., 6 January 2005 (see www.guampdn.com).

[44] www.defensenews.com, 14 January 2004.

[45] State of Our Island Address by Felix Camacho, Governor of Guam, 4 February 2004.

[46] www.hawaiipublicradio.org, 14 October 2004.

[47] Bank of Hawaii, *Economic Report on Guam, October 2003* (see www.boh.com/econ).

[48] *Pacific Daily News*, State of the Island Address, 21 February 2005 (see www.guampdn.com).

[49] Ibid., 10 January 2002.

[50] Ibid., 5 October 2004 (see www.guampdn.com).

[51] Ibid., 25 October 2004 (see www.guampdn.com).

[52] Ibid., 15 October 2004 (see www.guampdn.com).

[53] Ibid., 13 October 2004 (see www.guampdn.com).

[54] Ibid., 8 October 2004 (see www.guampdn.com).

[55] United States Department of the Interior, Office of Insular Affairs, Report on the State of the Islands, 1999, chap. 4.

[56] News release, Congresswoman Bordallo, 17 December 2003 (see www.house.gov/bordallo).

[57] *Pacific Daily News*, "White House denies request for debt relief", 1 January 2005 (see www.guampdn.com); press release, 7 February 2005, "President Bush Sends Congress FY 2006 Budget Proposal", 7 February 2005 (see www.house.gov/bordallo).

[58] Ibid., 11 January 2002.

[59] www.hawaiipublicradio.org, 11 October 2004.

[60] United States Department of the Interior, Fish and Wildlife Service, Federal Register Vol. 69, No. 208.

[61] *Pacific Daily News*, 12 October 2004 (see www.guampdn.com).

[62] Ibid., 12 September 2004 (see www.guampdn.com); see also paragraphs 12-16 of the present report.